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Implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ending 30 June 2001

Report of the Secretary-General

I. Introduction

1. The General Assembly, in paragraph 7 of its resolution 48/216 B of 23 December 1993, requested the Secretary-General to report to it at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, on measures taken or to be taken to implement those recommendations.

2. Accordingly, the present report responds to the recommendations of the Board of Auditors, contained in its report on the accounts of the United Nations peacekeeping operations for the 12-month period ending 30 June 2001.[1] This response is based on the assumption that all such recommendations would be approved by the General Assembly at its current session. Information is provided on measures taken or to be taken to implement the recommendations.

3. In preparing the present report, account was also taken of the provisions of the following General Assembly resolutions:

(a) Resolution 50/204 A of 23 December 1995 (in particular, para. 4, regarding implementation of the recommendations of the Board of Auditors);

(b) Resolution 51/225, section A, of 3 April 1997 (in particular, para. 10, regarding the timetable for the implementation of recommendations of the Board of Auditors);

(c) Resolution 52/212 B of 31 March 1998 (in particular, paras. 2-5) and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753, annex). Since most of the comments of the Secretary-General are duly reflected in the report of the Board of Auditors, the paragraphs below, for the most part, only address those recommendations which require further comments. The General Assembly will be kept informed of any developments with regard to the implementation of the Board's recommendations and progress will be duly reported as required.

II. Implementation of recommendations contained in paragraph 11 of the report of the Board of Auditors

4. **In paragraph 11 (a) of its report, the Board of Auditors recommended that the Office of**

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Programme Planning, Budget and Accounts, in conjunction with the Department of Peacekeeping Operations, reconcile all differences in inventory reports and also implement measures to ensure the accurate maintenance of such reports for the disclosure of non-expendable equipment in the financial statements of the United Nations peacekeeping operations.

5. The Administration's comments are reflected in paragraph 24 of the report of the Board of Auditors.

6. The Under-Secretary-General for Peacekeeping Operations and the Assistant Secretary-General for Programme Planning, Budget and Accounts are responsible for the implementation of this recommendation.

7. **In paragraph 11 (b), the Board recommended that the Office of Programme Planning, Budget and Accounts, in conjunction with the Department of Peacekeeping Operations, enforce compliance with United Nations directives aimed at ensuring the proper recording and custody of non-expendable equipment.**

8. The Administration's comments are reflected in paragraph 28 of the Board of Auditors' report.

9. The Under-Secretary-General for Peacekeeping Operations and the Assistant Secretary-General for Programme Planning, Budget and Accounts are responsible for the implementation of this recommendation.

10. **In paragraph 11 (c), the Board recommended that the Administration ensure that valid expenditures incurred in a financial period were accrued in the same financial period.**

11. The Administration's comments are reflected in paragraph 42 of the report of the Board of Auditors.

12. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

13. **In paragraph 11 (d), the Board recommended that the Field Administration and Logistics Division of the Department of Peacekeeping Operations undertake a specific evaluation of the resource requirements at peacekeeping missions to implement the contingent-owned equipment arrangements efficiently and effectively with regard to the timely completion of pre-arrival, arrival and monthly verification reports. In this regard, the Division should benchmark the resources available in missions to determine the appropriate capacity, while considering the unique circumstances applicable to each mission.**

14. The comments of the Field Administration and Logistics Division are reflected in paragraph 80 of the Board of Auditors' report.

15. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

16. **In paragraph 11 (e), the Board recommended that the Office of Internal Oversight Services address the need for adequate resources to develop and implement a formal training and development programme, in order to ensure that resident auditors have up-to-date technical knowledge and competency to enable them to function efficiently and effectively.**

17. The Office of Internal Oversight Services has prepared budget proposals to be submitted to the Advisory Committee on Administrative and Budgetary Questions for the next financial period. In those proposals, the Office requested additional resources for consultancies and training, which are necessary for development and implementation of the programme recommended by the Board. The full implementation of this recommendation will depend on provision of the requested resources. If sufficient resources are provided, the Internal Audit Division will be able to implement this recommendation by 30 June 2003.

18. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

19. **In paragraph 11 (f), the Board recommended that the Administration provide training and guidance to peacekeeping missions to assist them in the implementation of the process of management by objectives.**

20. The Administration's comments are reflected in paragraph 131 of the Board of Auditors' report.

21. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

22. **In paragraph 11 (g), the Board recommended that the Department of Peacekeeping Operations ensure that missions strictly enforce policy and**

established procedures regarding the utilization of chartered aircraft by non-mission personnel.

23. The comments of the Department of Peacekeeping Operations are reflected in paragraph 165 of the report of the Board of Auditors.

24. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

25. **In paragraph 11 (h), the Board recommended that the Administration ensure that all sections submit procurement plans to procurement divisions in a timely manner to facilitate the development of an overall procurement plan in order to facilitate an effective and efficient procurement process.**

26. The Administration's comments are reflected in paragraph 189 of the report of the Board of Auditors.

27. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

28. **In paragraph 11 (i), the Board recommended that the Liquidation Unit perform periodic reconciliations of records maintained by the Headquarters Property Survey Board and their own records, among other things, to investigate discrepancies and follow up long-outstanding amounts.**

29. The Administration's comments are reflected in paragraphs 202 to 204 of the Board's report.

30. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

III. Implementation of recommendations contained in the body of the report of the Board of Auditors

31. **In paragraph 34, the Board recommended that the Administration emphasize to all peacekeeping missions the importance of proper custody of United Nations property and that the missions ensure the completeness and accuracy of information recorded in respect of decisions taken by their Local Property Survey Boards.**

32. The Administration's comments are reflected in paragraph 35 of the report of the Board of Auditors.

33. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

34. **In paragraph 45, the Board recommended that the Administration take appropriate measures to follow up arrears payments in order to settle long-outstanding amounts.**

35. The Administration has continuously taken all the appropriate steps to settle accounts payable within the limits of available cash. Many of the accounts payable were settled in December 2001. It is stressed that these accounts payable could not have been settled earlier, as funding was only received during November 2001. Steps have been taken to request that Member States settle their long-outstanding amounts, including requests by formal notifications. At the same time, the General Assembly receives a periodic update on the overall financial situation of the Organization that includes details on the payments of arrears.

36. The Under-Secretary-General for Management is responsible for the implementation of this recommendation.

37. **In paragraph 48, the Board recommended that the Administration ensure that all peacekeeping missions perform bank reconciliations on a monthly basis and that unreconciled differences are investigated and cleared in a timely manner. Furthermore, the missions should investigate and address the circumstances that compromised the timely performance of bank reconciliations.**

38. The Administration's comments are reflected in paragraph 49 of the report of the Board of Auditors.

39. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

40. **In paragraph 52, the Board recommended that, acknowledging the merits of having a cash safety margin, the Administration, together with the missions, review the frequency and the amount of monthly remittances in order to more closely match actual cash requirements.**

41. The Administration's comments are reflected in paragraph 53 of the Board's report.

42. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

43. **In paragraph 56, the Board recommended that the Administration ensure that missions review and renegotiate banking relationships, with a view to limiting bank costs and delays by assessing whether banking charges and fees are appropriate and permitted under the contract.**

44. The Administration's comments are reflected in paragraph 57 of the report of the Board of Auditors.

45. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

46. **In paragraph 64, the Board recommended that the Administration ensure that the memorandums of understanding in respect of contingent-owned equipment are signed prior to the deployment of troops to peacekeeping missions, and to monitor compliance in this regard.**

47. The Administration's comments are reflected in paragraph 65 of the Board's report.

48. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

49. **In paragraph 67, the Board recommended, and the Department of Peacekeeping Operations agreed, to ensure that future memorandums of understanding clearly state the level of support required for national self-equipment.**

50. The Department of Peacekeeping Operations concurs with the Board's recommendation.

51. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

52. **In paragraph 69, the Board recommended that the Department of Peacekeeping Operations include missions in pre-deployment inspections to ensure not only that the equipment meets the requirements, but also that no unnecessary equipment is deployed.**

53. The comments of the Department of Peacekeeping Operations are reflected in paragraph 70 of the Board's report.

54. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

55. **In paragraph 75, the Board recommended that the Logistics and Communications Services instruct the peacekeeping missions to assess the impact of using aged and/or obsolete equipment that needed constant repairs and maintenance on the efficiency and effectiveness of its operations, and to remind force commanders to report on the serviceability of contingent-owned equipment. The Administration should also consider the feasibility and impact of including broad parameters, stipulating the acceptable age of contingent-owned equipment in the manual.**

56. In general, the Department of Peacekeeping Operations ensures the optimum operational performance of contingent-owned equipment deployed to peacekeeping missions. The reimbursement for such equipment, under the revised contingent-owned equipment arrangement, is dependent on the declared status of this equipment in terms of operational readiness. Thus, the United Nations is not exposed to unnecessary financial obligation when the equipment is unserviceable.

57. However, in the particular instance cited by the Board of Auditors, the equipment is, in fact, provided to the contingent by a Member State, under the terms of a specific memorandum of understanding between the United Nations and the Member State. As such, the deficiency, although impacting on the efficiency and effectiveness of the contingent, is the responsibility of the provider. This matter will be addressed with the representatives of the Member State concerned, upon receipt of the operational readiness inspection report from the United Nations Organization Mission in the Democratic Republic of the Congo, in conformance with standard contingent-owned equipment implementation procedures.

58. The Department of Peacekeeping Operations considers that stipulating the age of contingent-owned equipment in the manual would be inappropriate and would limit the capacity of troop-contributing countries to select equipment on the basis of this criterion only. From experience, many troop-contributing countries operate very successfully with equipment that is not of the most modern production or technology.

59. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

60. **In paragraph 83, the Board recommended that the Administration intensify its efforts to address the delays in processing and certifying claims for payment to troop-contributing countries.**

61. The Administration's comments are reflected in paragraph 84 of the report of the Board of Auditors.

62. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

63. **In paragraph 86, the Board recommended that the Department of Peacekeeping Operations follow up the inclusion of mission factors in the reimbursement rates under the letter of assist for the period from 1 November 2000 to 31 March 2001 at the United Nations Mission in Sierra Leone (UNAMSIL).**

64. The Member State that provided the air support services was not a troop contributor to UNAMSIL; therefore the agreement for the services was concluded under a letter of assist, which is essentially a commercial arrangement. The rates, which include the mission factor, were agreed upon by the United Nations and the Member State and are similar to those under contingent-owned equipment agreements.

65. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

66. **In paragraph 103, the Board recommended that the resident auditors adequately document the sources of information leading to the identification of all the key processes of the missions, the objectives of those processes, the risks that threaten the achievement of process objectives and what controls are in place, if any, to address those risks. Each risk should be quantified, bearing in mind its potential impact on the mission and the probability of its materializing.**

67. The resident auditors will implement this recommendation immediately to the extent possible, and the Internal Audit Division's management will monitor implementation. However, as indicated in paragraph 104 of the Board's report, the comprehensive documentation of key mission processes, and assessment and quantification of risks in all of these key processes, as recommended by the Board of Auditors, will require a major infusion of resources in terms of training, supervision and risk assessment consulting expertise. Therefore, while the Internal Audit Division is taking steps to improve its risk assessment process for peacekeeping missions, full implementation of this recommendation will not be possible unless these additional resources are made available.

68. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

69. **In paragraph 107, the Board recommended that the Office of Internal Oversight Services assess the capacity of the resident auditors and the resources available to perform structured value-for-money and information technology audits on a limited basis initially and more extensively in future.**

70. The recommendation will be implemented by the Internal Audit Division during the biennium 2002-2003. The required assessment will also be carried out during the selection of candidates for resident auditors positions.

71. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

72. **In paragraph 112, the Board of Auditors recommended that the Office of Internal Oversight Services develop a medium-term strategy to consider the feasibility and impact of expanding the services provided by resident auditors to include performance-related activities.**

73. The Office of Internal Oversight Services believes that the implementation of this recommendation would steer limited resources from already identified high-risk areas. The Internal Audit Division will, however, continue to include certain elements of performance-related audits in the work plans of the resident auditors and will conduct comprehensive performance audits using Headquarters audit teams.

74. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

75. **In paragraph 116, the Board recommended that the Office of Internal Oversight Services**

implement measures to improve the quality of working papers and the quality of audit evidence.

76. The Internal Audit Division of the Office of Internal Oversight Services will immediately implement this recommendation to the extent possible and within the available resources. However, full implementation of the recommendation will require more frequent visits to the resident auditors' offices by the Internal Audit Division management, in order to carry out quality assurance reviews of their work. The desired frequency of such visits will not always be possible with the present level of resources.

77. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

78. **In paragraph 120, the Board recommended that the Internal Audit Division ensure compliance with the standard terms of reference for the resident auditor at peacekeeping and special missions with regard to submitting semi-annual reports to the Department of Peacekeeping Operations.**

79. The implementation of this recommendation will commence as soon as possible. The Internal Audit Division will aim to submit semi-annual reports, but when this is not feasible, owing to resource constraints, the Division will submit annual reports. The Office of Internal Oversight Services is also reviewing its standard terms of reference in this regard.

80. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

81. **In paragraph 123, the Board recommended that the Internal Audit Division, in conjunction with the Department of Peacekeeping Operations evaluate existing measures that provide the Department with an opportunity to comment on significant findings of the resident auditors at the Department's discretion, as appropriate. Those measures should be evaluated with a view to enabling the resident auditor to independently consider both the mission's and Headquarters' perspectives on observations in a timely manner, especially since peacekeeping missions and the Department are interdependent.**

82. The Administration notes that there already exists an effective mechanism, permitting follow-up with the Department of Peacekeeping Operations on significant issues raised by the resident auditors. This is accomplished by the Internal Audit Division communicating these issues directly to the Department's management when deemed appropriate. In the most important cases, the Division initiates separate audits at Headquarters to examine in depth the issues raised by the resident auditors. Consequently, it would seem that the current procedures adequately address the issues raised in the recommendation.

83. The Under-Secretary-General for Internal Oversight Services is responsible for the implementation of this recommendation.

84. **In paragraph 136, the Board recommended, and the United Nations Peacekeeping Force in Cyprus agreed, to continue to pursue the exemption of the mission from payment of value-added tax with the host Government.**

85. The Administration's comments are reflected in paragraphs 137 to 139 of the Board's report.

86. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

87. **In paragraph 140, the Board recommended that the Administration, together with the United Nations Mission in Ethiopia and Eritrea (UNMEE) take steps to resolve with the host Government the issue of the payment of taxes on purchases in a timely manner, and that UNMEE review and claim refunds for sales tax and duties that have been improperly levied.**

88. The Administration's comments are reflected in paragraph 141 of the Board's report.

89. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

90. **In paragraph 142, the Board recommended that further efforts be made by the Administration to obtain from the host Government the tax status of local staff, in compliance with article V of the Convention on the Privileges and Immunities of the United Nations.**

91. The Administration's comments are reflected in paragraph 143 of the Board's report.

92. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

93. **In paragraph 157, the Board recommended that the Administration ensure that all letters of assist are duly signed before the commencement of the agreement.**

94. The respective Governments of troop-contributing countries must sign letters of assist in respect of aircraft deployed to the mission area. It is beyond the Organization's control to obtain the final signature of the troop-contributing country for a letter of assist until the internal processing procedures within the Government set up are completed. From experience, this process could be lengthy. The Department of Peacekeeping Operations will continue to follow up on letters of assist to ensure their prompt conclusion with the relevant Governments.

95. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

96. **In paragraph 160, the Board recommended that missions account for flight hours for both internal and external users and should invoice users for reimbursement of cost incurred on behalf of such organizations where flight hours are not related to the areas of responsibility of the United Nations Interim Administration Mission in Kosovo.**

97. The Administration's comments are reflected in paragraph 161 of the Board's report.

98. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

99. **In paragraph 167, the Board recommended that the Administration consider provisions setting out causes for reducing charges when negotiating future field air operations contracts.**

100. The Administration's comments are reflected in paragraph 168 of the Board's report.

101. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

102. **In paragraph 170, the Board recommended that the Administration ensure that pilots have regular access to doctors conversant with air operations health requirements in order to monitor risks and their consequences.**

103. The Administration's comments are reflected in paragraph 171 of the Board's report.

104. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

105. **In paragraph 175, the Board recommended that the Administration selectively delegate increased authority to missions that have demonstrated full compliance with United Nations regulations and rules and other directives.**

106. Further to the Secretary-General's comments contained in paragraph 176 of the Board's report, it may be useful to note that the availability of procurement staff with appropriate skills is also essential in exercising the delegation of authority at the missions.

107. The Under-Secretaries-General for Peacekeeping Operations and for Central Support Services are jointly responsible for the implementation of this recommendation.

108. **In paragraph 179, the Board recommended that the Administration follow up the use of the Carlog system to ensure that peacekeeping missions effectively apply the system in controlling and monitoring the utilization of motor vehicles.**

109. The Administration's comments are reflected in paragraph 180 of the Board's report.

110. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

111. **In paragraph 183, the Board recommended that:**

(a) **Missions should approve and issue purchase orders against approved contracts prior to the delivery and invoicing of the underlying goods or services;**

(b) **Missions should renew efforts to ensure that vendors accept the terms and conditions of purchase orders and/or to explore alternative ways in which such acceptance might be obtained.**

112. The Administration's comments are reflected in paragraph 184 of the Board's report.

113. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

114. **In paragraph 193, the Board recommended that the Administration ensure that adequate consideration is given to the improvement of the**

process of selecting civilian police. Furthermore, the Department of Peacekeeping Operations should, in the context of management by objectives and optimizing civilian police assignments, analyse the data available on contingent forces' previous professional experience and:

(a) **Share it with missions to facilitate local human resources management;**

(b) **Pursue talks with contributing countries in order to implement systematic and rigorous selection prior to departure.**

115. The Civilian Police Division has standardized the training programme for civilian police deployed to peacekeeping operations, and Member States are encouraged to utilize the programme. However, such training continues to be the responsibility of Member States and, for that reason, the Division, especially during selection assistance team visits, works closely with the police trainers at implementing the standardized training programme. In addition, the Civilian Police Division has collaborated with Member States and organized a number of "train the trainer" programmes to improve the selection process.

116. During 2001, 35 Member States requested 51 selection assistance team visits and 13,150 officers were assessed. Of those, 3,864 were cleared for missions, while the remaining 9,274 officers were deemed to meet the minimum criteria. Furthermore, the Administration wishes to clarify that the cost for the repatriation of an officer deemed to be unqualified upon arrival in the mission is the responsibility of the Member State. The Civilian Police Division, in coordination with the missions, is developing targeted profiles of officers, which will be shared with the missions.

117. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

118. **In paragraph 196, the Board recommended that the Liquidation Unit ensure that measures are implemented to effectively monitor and control the movement of all liquidation reports and related documentation and to improve the filing thereof until the accounts of missions in liquidation have been closed.**

119. The records of missions under liquidation are submitted to the Archives and Records Centre of the Department of Management. The Archives and Records Centre arranges these documents and provides them with bar code numbers before releasing them upon request to the Liquidation Unit. The Field Administration and Logistics Division arranges for specific source documentation, particularly finance documents to be submitted directly to the Liquidation Unit to facilitate the work of the Unit. The Finance Management and Support Service of the Division is in the process of implementing a central filing system to track these documents until they are returned to the Archives and Records Centre.

120. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

121. **In paragraph 205, the Board recommended that the Administration implement measures to ensure the expedient finalization of the incomplete asset disposition report of the United Nations Mission in the Central African Republic and the United Nations Mission of Observers in Tajikistan. Furthermore, the Administration should implement measures to prevent a recurrence of the factors leading to the delays in the finalization of asset disposition reports.**

122. The Administration's comments are reflected in paragraph 206 of the Board's report.

123. The Under-Secretary-General for Peacekeeping Operations is responsible for the implementation of this recommendation.

Notes

[1] *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 5* (A/56/5), vol. II, chap. II.